

URBAN/MUNICIPAL
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ANNUAL REPORT 1995

URBAN/MUNICIPAL

AUG 28 1996

GOVERNMENT DOCUMENTS





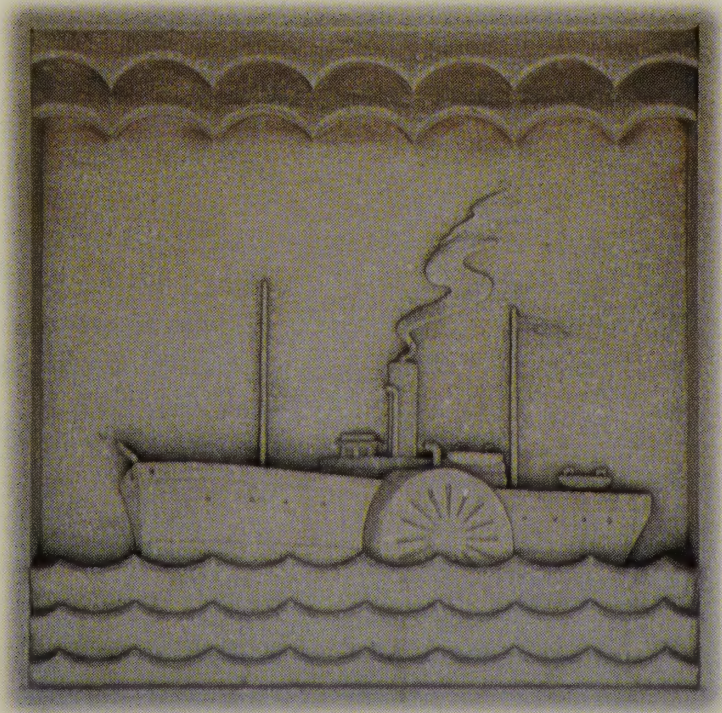
Chairman
D.M. Beattie

Commissioner
P.J. Peterson

Commissioner
P.J. Dillon

Port Director
R.R. Hennessy, P. Eng.

A N N U A L R E P O R T 1 9 9 5



ON OUR COVER: An impressive stone sculpture dominates the broad steps leading to the vintage 1950s building that houses the Hamilton Harbour Commissioners offices. The Indian at the prow of a canoe is a nod to the early years of Hamilton Harbour, once called Macassa Bay for the natives who settled there. The cannons along the sides represent the important role that the Bay played during the War of 1812.

Featured above and throughout this report are details of the stone carvings that grace the entry to the Hamilton Harbour Commissioners building. The blocks depict the evolution of shipping in the area, from early canoes and sailing vessels through steamships and modern ocean going cargo vessels.

From the sixth floor of the building, The Harbour Commissioners' offices command a panoramic view of the current harbour and cities of Hamilton and Burlington.

REPORT FROM THE CHAIRMAN AND THE PORT DIRECTOR

The Port of Hamilton handled 11,960,284 tonnes of overseas and domestic cargo in 1995. This amounts to a 6% decrease in overall tonnage from the previous year. Overseas cargo dropped 15%, a disappointing but not unexpected event due to the surge in tonnage the previous year. On a positive note, at 1,560,342 tonnes, the Port's overseas cargo volume still represented the third best year since our incorporation in 1912.

Domestic and U.S. cargo volumes, at 10,399,942 tonnes, were also down slightly. This can be attributed to inventory fluctuations in the raw materials imported by the Port's waterfront industries.



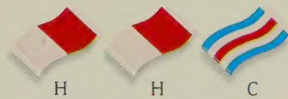
R.R. Hennessy, Port Director
and D.M. Beattie, Chairman

Navigation for the 1995 shipping season in Hamilton commenced on March 25, a week earlier than usual, with the arrival of the M.V. "Canadian Progress" carrying coal to Pier 21. Interestingly, the Port's first overseas vessel, the "Lt Argosy", arrived the same day bringing a load of steel from Genoa, Italy.

Navigation closed on December 24 with the departure of the M.V. "Halifax", which unloaded ore at Pier 16. In total, 680 commercial vessels called at the Port in 1995. Port revenues fell slightly in 1995 to \$10.7 million, a reflection of decreased cargo tonnage. Major expenditures at the Port for the year included \$5,516,935 on new construction and capital works and an additional \$1,720,712 for the maintenance of the Port's existing infrastructure. Again, in 1995, the Port held the line on cargo rates and berthage charges to its users; these rates have not increased since 1990.

In 1995 the tenanted lands of the Commissioners generated \$2,483,317 in property tax revenues for the City of Hamilton.

The Commissioners' engineering staff assisted the City of Burlington by managing the construction of extensive repairs and improvements to the City's LaSalle Dock (Pier 34). In addition, the Commissioners continued their efforts in the environmental restoration of Hamilton Harbour by administering, on behalf of the Fish Habitat



Restoration Program, the construction of fish habitat, shoreline improvement and public access in two locations. These works, costing some 1.86 million dollars at LaSalle Park and \$665,000 at Pier site 30 adjacent to the Canada Centre for Inland Waters, were funded by the Great Lakes Clean-up Fund and the Province of Ontario. These two projects provide a tremendous start to the replacement of natural shoreline in the harbour. These works have been designed in a fashion to co-exist and enhance the ongoing commercial and industrial expansion of the Port.

Small craft and recreational boat services continued in 1995 at or slightly above levels seen the previous year. Occupancy rate at Harbour West Marina increased marginally, while launches at Fisherman's Pier stood at 3,590. Enrollment at our Harbour West Sailing School was 2,500 students for the season.

Harbour West is a full service recreation and commercial facility operated by the Commissioners. A wide range of recreational boating services, from sailing lessons to major boat repairs and restoration are offered. The complex is also home to the Leander Rowing Club, The Royal Hamilton Yacht Club and the Hamilton & District Chamber of Commerce.

The Port continued to actively support a number of trade associations during the year. These included the Canadian Port and Harbour

Association, the American Association of Port Authorities and the Chamber of Maritime Commerce, as well as The Hamilton & District Chamber of Commerce.

The Port of Hamilton Spill Control Group also remained active throughout 1995 with 16 members representing the waterfront's liquid bulk handlers.

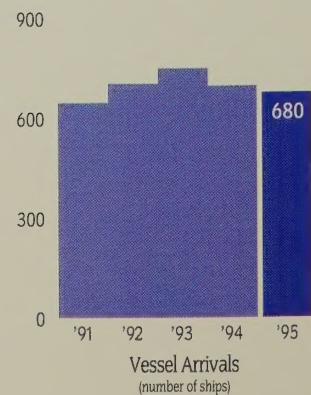
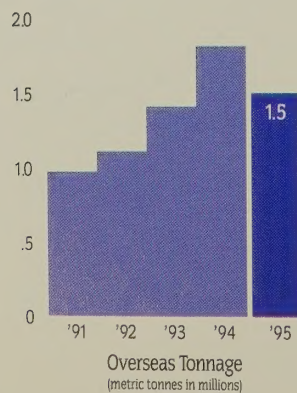
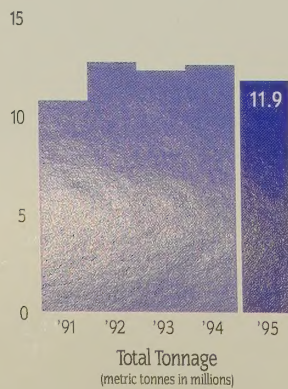
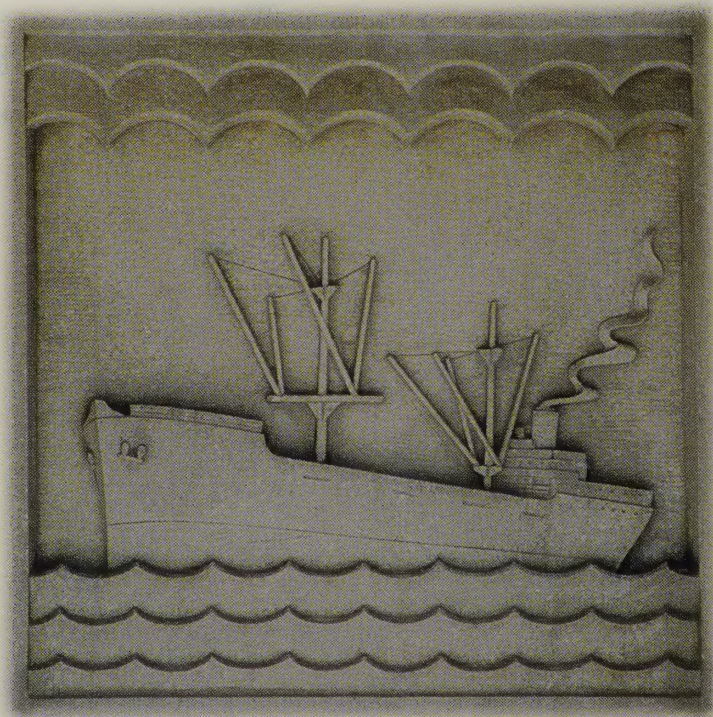
We would like to thank Commissioners Peter Peterson and Pat Dillon for their efforts and support over the past year. Similarly, the Port's garage, dockyard and maintenance workers, together with our office and management staff, were largely responsible for the posting of another successful operating year at the Port.

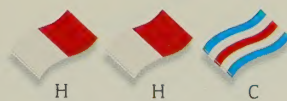
We are pleased to report that the Port of Hamilton continues to be financially strong, competitive and customer oriented. We are confident that the Port is well positioned to maintain stable rates to customers while achieving long term growth and building a better waterfront to meet the needs of all its users.

D. M. Beattie
Chairman

R. R. Hennessy
Port Director

FIVE YEAR SUMMARY





BALANCE SHEET

as at December 31, 1995

	1995 \$	1994 \$
Assets		
Current Assets		
Cash	235,893	540,639
Accounts receivable -		
Trade	1,170,362	1,371,023
Interest	451,154	254,686
Other	171,455	185,619
Inventories	112,109	90,052
Prepaid expenses	127,572	124,799
Current portion of investment in Capital lease	72,665	53,333
	2,341,210	2,620,151
Net investment in Capital Lease (Note 3)	695,912	769,227
Investments Appropriated for Future Harbour Improvements (Note 4)	10,399,956	11,149,262
Fixed Assets (Note 5)	56,084,568	52,528,068
	<u>69,521,646</u>	<u>67,066,708</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,095,169	1,029,190
Current portion of debentures payable (Note 6)	50,000	50,000
Current portion of long-term debt	-	76,358
	1,145,169	1,155,548
Debentures Payable (Note 6)	175,000	225,000
	<u>1,320,169</u>	<u>1,380,548</u>
Equity		
General Capital	57,801,521	54,536,898
Reserve for Future Harbour Improvements (Note 4)	10,399,956	11,149,262
	68,201,477	65,686,160
	<u>69,521,646</u>	<u>67,066,708</u>

STATEMENT OF GENERAL CAPITAL

for the Year Ended December 31, 1995

	1995 \$	1994 \$
General Capital - Beginning of Year	54,536,898	51,382,061
Excess of revenue over expenses for the year	2,515,317	3,600,886
	57,052,215	54,982,947
Allocation from (to) reserve for future harbour improvements (Note 4)	749,306	(446,049)
General Capital - End of Year	<u>57,801,521</u>	<u>54,536,898</u>



STATEMENT OF REVENUE AND EXPENSE

for the Year Ended December 31, 1995

	1995	1994
	\$	\$
Revenue from Operations	9,712,981	10,535,432
Operating Expenses	<u>3,827,670</u>	<u>3,717,961</u>
Income from Operations	5,885,311	6,817,471
Administrative, Office and General Expenses	2,394,048	2,117,169
Interest on Debentures Payable	10,545	12,892
Depreciation	1,960,435	1,809,340
Financing Income from Capital Leases	(47,770)	(32,556)
Other Income	<u>(947,264)</u>	<u>(690,260)</u>
Excess of Revenue Over Expenses for the Year	<u>2,515,317</u>	<u>3,600,886</u>

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1995 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

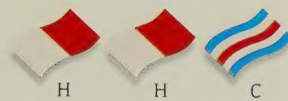
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all material respects, been in accordance with Section 29 of "The Hamilton Harbour Commissioners' Act".

Hamilton, Ontario
March 8, 1996

Coopers & Lybrand
Chartered Accountants



STATEMENT OF CHANGES IN FINANCIAL POSITION

for the Year Ended December 31, 1995

	1995 \$	1994 \$
Operating Activities		
Excess of revenue over expenses for the year	2,515,317	3,600,886
Items not affecting cash -		
Depreciation	1,960,435	1,809,340
Gain on disposal of fixed assets	(3,005)	(14,610)
	<u>4,472,747</u>	<u>5,395,616</u>
Decrease in non-cash working capital items related to operations	<u>59,506</u>	<u>317,078</u>
Cash Provided By Operating Activities	<u>4,532,253</u>	<u>5,712,694</u>
Investing Activities		
Purchase of fixed assets	(5,516,935)	(5,727,218)
Proceeds on disposal of fixed assets	3,005	851,150
Decrease (increase) in investments appropriated for future Harbour improvements	749,306	(446,049)
Decrease (increase) in net investment in Capital lease	53,983	(822,560)
Collection of promissory note receivable	<u>-</u>	<u>460,000</u>
Cash Used In Investing Activities	<u>(4,710,641)</u>	<u>(5,684,677)</u>
Financing Activities		
Repayment of debentures payable	(50,000)	(50,000)
Decrease in long-term debt	<u>(76,358)</u>	<u>(78,000)</u>
Cash Used In Financing Activities	<u>(126,358)</u>	<u>(128,000)</u>
Net Decrease in Cash	<u>(304,746)</u>	<u>(99,983)</u>
Cash - Beginning of Year	<u>540,639</u>	<u>640,622</u>
Cash - End of Year	<u><u>235,893</u></u>	<u><u>540,639</u></u>



NOTES TO FINANCIAL STATEMENTS

for the Year Ended December 31, 1995

1. The Hamilton Harbour Commissioners' Act

The Hamilton Harbour Commissioners ("the Commissioners") is a corporation established and operated pursuant to The Hamilton Harbour Commissioners Act, 2 George V c.98, 1912. The Commissioners mandate is to govern and develop the harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

2. Significant Accounting Policies

(a) Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designated to amortize the cost over the useful lives of the assets as follows:

Docks and improvements	2 - 20%
Buildings	2 1/2 - 20%
Equipment and vessels	10 - 20%

(b) Capital development in process

The Commissioners include all costs to develop an asset in the capital development in process category until the project is substantially complete. At that time, the asset is transferred to fixed assets and depreciation is taken according to established policy.

(c) Inventories

Inventories of merchandise are recorded at the lower of cost, determined on a first-in, first-out, basis and replacement cost.

(d) Government grants

Government grants are recorded when receivable as an increase in general capital.

3. Capital Lease

In 1994, the Commissioners acquired certain crane equipment and entered into a five year direct financing lease.

Financing income related to the direct financing lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of income recognition is composed of net minimum lease payments and unearned financing income.

The net investment in the lease includes the following:

Total minimum lease payments receivable:	\$
1996	117,000
1997	117,000
1998	117,000
1999	548,603
	<u>899,603</u>
Unearned income	(131,026)
	<u>768,577</u>
Current portion	(72,665)
	<u>695,912</u>

4. Reserve for Future Harbour Improvements

During the year, the Commissioners transferred \$749,306 from the reserve for future harbour improvements. The balance in the reserve, amounting to \$10,399,956, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1995, the Commissioners approved a five year capital budget in the aggregate amount of \$30,010,000.

5. Fixed Assets

	1995		1994	
	Cost \$	Accumulated Depreciation \$	Net \$	Net \$
Land	17,870,533	-	17,870,533	17,870,533
Docks and harbour improvements	37,799,581	16,442,318	21,357,263	22,024,175
Buildings	16,943,344	9,089,927	7,853,417	4,155,934
Equipment and vessels	6,898,902	5,533,349	1,365,553	903,345
Capital development in progress	7,637,802	-	7,637,802	7,574,081
	<u>87,150,162</u>	<u>31,065,594</u>	<u>56,084,568</u>	<u>52,528,068</u>

6. Debentures Payable

	1995 \$	1994 \$
4 1/8% Government of Canada debentures payable, to be repaid before the year 2005	225,000	275,000
Less: Current portion	<u>50,000</u>	<u>50,000</u>
	<u>175,000</u>	<u>225,000</u>

7. Pension Plans

The corporation has non-contributory defined benefit pension plans for salaried employees and C.U.P.E. Local 958 members. Pension costs are computed on the projected benefit method based on an average expected remaining service life of the employee groups of 16 years for salaried employees and 19 years for C.U.P.E. Local 958 members.

The status of the plans, based on year end estimates provided by the corporation's actuary, are as follows:

	Salaried Employee Plan \$	C.U.P.E. Employee Plan \$
Pension fund assets - at market value	4,782,985	416,648
Projected benefit obligation	4,046,284	246,137

The excess of pension fund assets over the projected benefit obligation of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

8. Comparative Figures

Certain comparative figures on the balance sheet have been restated to give effect to current year's presentation.





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